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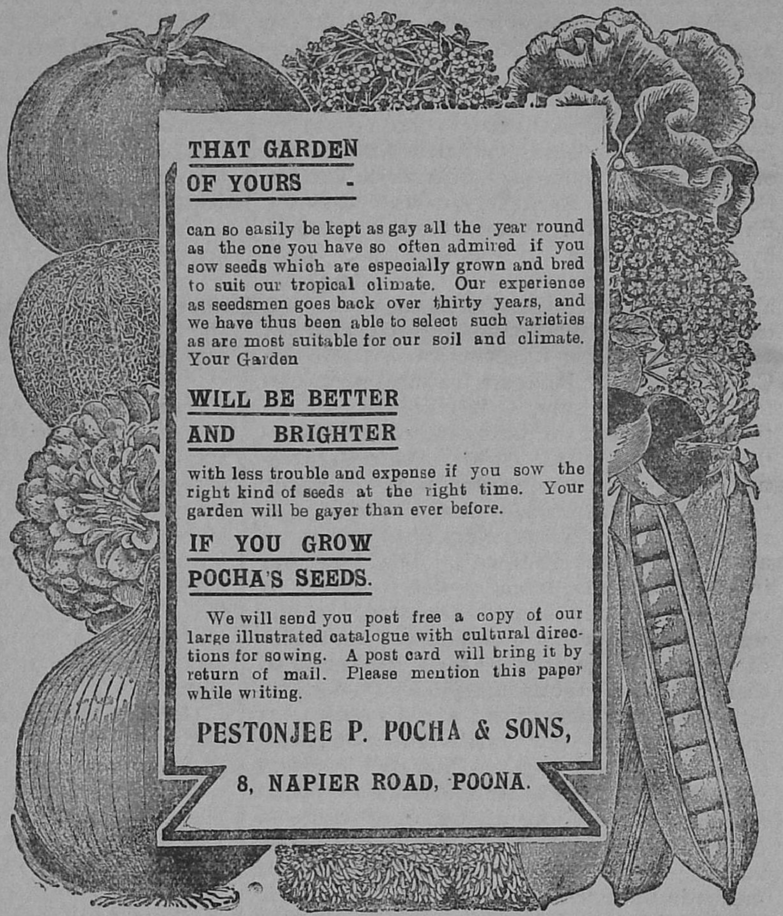

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PROVICIALISATION OF RAILWAYS.*

(BY SIR M. VISWASWARAYYA.)

THE railway system of the country is its greatest asset. The outstanding railway borrowings amount to nearly Rs. 366 crores or 65 per cent. of the total public debt. The gross railway receipts amount to Rs 90 crores or nearly one-half of the total revenues of the country. In view of the recent pronouncements of Government in favour of industrial development, fiscal autonomy, separation of provincial finance, etc., it seems desirable that the handling of this large sum should be controlled by the State. Such control cannot fail to increase money power and credit and materially aid in the internal development of the country.

As between State working and Company working (both forms of operation obtain abroad), State working has undoubted advantages in the present circumstances of India. When the Provinces become autonomous, as they will in due course under the Reforms Scheme, the public would like to see their railways controlled and operated by themselves. Provincial autonomy would lose much of its importance if the railways of the Province which form its chief asset should continue to be administered from outside. In view of the declared policy of the British Cabinet to prepare the country for responsible Government it would be in the fitness of things to transfer the railways, as speedily as circumstances permit, to the control of Provincial Administrations.

SCHEME FOR PROVINCIALISATION OF RAILWAYS.

My suggestions for the future working of railways are briefly these :—

(1) The railway systems of the country should be provincialized.

All existing railway lines withtn a Province should be administered by the Provincial Government, and all new ones projected and constructed under its orders or supervision.

(2) The railways in each Province may be constructed and worked either by the State or Companies, or by both, according to the circumstances of each case.

(3) The railway debt of the Government of India (about Rs. 366 crores) should be distributed by Provinces in proportion to the assessed value of the railway property in each.

The Provincial Governments should be held responsible for payment of interest charges and reduction or redemption of the railway debt.

The same Governments should be responsible for getting up new projects, and raising fresh loans as required for their construction. The Government of India Act of 1910 has already empowered the Provincial Governments to raise loans for such purposes.

(4) A few strategic lines on the North-West border and in Burma may be under the direct control of the Central Government, which may exercise special supervision over all trunk lines and general supervision over the entire railway system in regard to standards, gauges, etc., to ensure uniformity of working and to safeguard the interests of the country as a whole. The Central Government should be able to take over under its own control, if required, the entire management of trunk lines in an emergency and it should also retain suservisory power in all inter-Provincial and inter-State disputes.

(5) The Railway Board may be abolished and, in its place, a Minister or Member of the Central Government should be responsible for railway and administration along with that of ports, harbours and shipping. He may be assisted by an Advisory Board composed of about seven members representing the vaious interests of the country.

(6) Similarly the railway system in each Province should be under the control of a Minister assisted (1) by an Advisory Board of seven members representing the various interests, namely, the travelling public, agriculture, trade, industry and labour, and (2) by a competent Technical staff. The latter may join in deliberations of the Board but need not have the power to vote. In future, the same Minister may be responsible also for all work connected with Provincial ports and shipping.

AIDS TO INTERNAL DEVELOPMENT.

The following measures are necessary in order to utilise the railway system as a laboratory for developing local resources and local talent and enterpise :—

(1) If Provincial railway Administrations guarantee for a term of years the local purchase of rails, locomotives, machinery and railway supplies generally, business men will be quite ready to start factorics for their manufacture. We have every resource required for the purpose save experts, and these may be imported on high salaries. Such a measure will not only give a great impetus to local industries but will lead fo enormous savings in the moneys spent abroad. The savings will increase the wealth of the country and will be available for constructing new railways and for other developments.

(2) In suitable cases, the Provincial Railway Administrations should themselves start the manufacture of railway machinery and supplies, till private agencies come to the rescue.

(3) Until local industries are started, purchases may be made by the Provincial Governments either in open competition or through local firms. This will lead to the speedy establishment of firms of repute locally and promote circulation of money and credit and business enterprise in the Province.

(4) Local Universities should be made to provide the highest training needed for Mechanical Engineering, Loco, Traffic and Account Department on our Railways. At least a dozen graduate apprentices should find employment every year in the higher grades of the railway service of each Province.

(5) Railway schools are needed to train subordinates, foreman, machanics, accoutants etc., and railway workshops should be thrown open to all eligible young men without charging heavy fees for the training and without distinction of race or creed.

DEFECTS IN THE EXISTING SYSTEM.

My experience of the practical working of Indian Railways is chiefly derived from Mysore in Southern India where, as stated by the Madras Government the Railway administration is considered unprogressive. As Secretary for Railways for 3 years and subsequently as Chief Minister of that State for 6 years, I had occasion to meet and discuss railway projects and problems with the Members of the railway Board, and some 200 miles ot new railway was built by State Agency in my time.

The Railway Board has over-centralized authority and paralysed local initiative and effort. They seem to work without a policy of their own, and while exercising plenty of control give no lead and show no initiative. They are slow to move and when disputes arise their intervention is not happy. I am not referring to individual officers of the Board who were good men in their own way. I am speaking of the system.

As a result, the railway system of Southern India is a study in irregular alignments and omissions. Three specific instances may be mentioned to illustrate my point :—

(1) There is no through commuication, north to south, along the middle or western half of the Peninsula. In the hope of establishing such a communication, the State with which I was connected offered to construct and work a short link of about 100 miles needed between Nanjangud and Mettupalaiyam if the Railway Board consented to finance the British section—a matter of about 30 miles of hill country. But there was no response. For lack of this connectin travellers from the Bombay Presidency have to go all the way to Jalarpet, in the middle of the eastern half of the Peninsula, in order to get to Mangalore or any point on the West Coast of the Presidency.

(2) A short length of 300 miles is needed to link up Shimoga on the Southern Mahratta Railway with the West Coast and with Mangalore on the South Indian Railway, but there has been no inclination to discuss this project.

(3) Perhaps, the most glaring omission is the refusal to allow the Mysore State to complete a short circuit between Bangalore and Hosur, a distance of 24 miles. The offer of the Mysore Government included compensation to the railway which claimed vested interests, but the compensation was not considered adequate. To this day passengers from Bangalore have to travel nearly 200 miles in order to reach a destination only 20 miles as the crow flies. The Railway map of Southern India is tell-tale evidence of this lack of policy and local interest which is causing many avoidable hardships and loss of time and money to the general public.

*From his memorandum submitted to the Indian Railway Committee.

THE UN-EMPLOYMENT.

One of the most important of all the matters engaging the most serions attention of the leaders of Great Britain at the preseut time is the problem of unemployment. The unemployment of nearly one million souls in the United Kingdom is atributed to various causes of which the extreme destitution of the vast areas on the continent of Europe which are unable to obtain raw materials and to export commodities in exchange for British goods is regarded as the foremost. There is the inability to purchase owing to the collapse of Euorpean exchanges. To add to these, there is the enormons expense of manufature due to shorter time and higer wages, rendering British goods far too expensive for which the Government and capitalist classes are blamed in the matter.

EXPLOITATION.

Mr. T. Rama Rao writes in an interesting article contributed to the "*Janmabhumi*" on "Japan and Internationalisation" :—

"What have we learnt from the methods of foreign exploitation ? We notice the decay of the native industries and arts and a concomitant increase in the wealth of the foreign capitalists. A nation, that aims at the crushing of industries and arts of another, turns its own executioner. If we can, it is in keeping with the principles of justice and humanity that we should contribute to the enhancement of the native industries and arts of another nation rather than to their demolition. In ordinary language it is no better than high-way robbery if one nation wishes to enrich itself at the expense of another."

Acknowledgment.—We have received beautiful picture calenders and paper fans from the Oliver Type-writer Agency, Bangalore and Messrs Rangiah Brothers, No. 25 Ranganayakulupet, Nellore.

INDIAN RAILWAY COMMITTEE

(RAI SAHIB CHANDRIKA PRASADA.)

As a result of the discussions held in the Legislative Council of India and the agitation carried on in the Indian Press for the last ten years or more, the Secretary of State has appointed a Committee to enquire into the working and administration of the Indian Railway, so as to adopt for the future either the system of State Management or that of Company Management for Railways owned by the State.

The Committee is presided over by an eminent Railway expert with five other European and three Indian members. The proportion of Indians three to six is not fair, considering that the question at issue affects almost entirely India and Indians.

The Railways in the past have been administered in an extremely unsatisfactory manner, ignoring generally the requirements of the people of India and to the detriment of Indian industries, trade and commerce and injustice to the children of the soil. Money has been lavishly spent both on construction and working of the Railways. Although the people of India have been made to bear all the financial burdens involved by the Railways, they have been systematically kept out of their share in the administration and have been kept ignorant of the uses and working skill of the lines.

We are not quite satisfied even with the State Management as it is carried on at present, still we hold that, that management is superior to the Company management, as it is capable of being remodelled into a satisfactory system under the influence of the Government of India. The Companies entrusted with the management of one of the largest properties of the State, cannot be expected to take that interest which the owners themselves of the property would, and consequently we find the Companies lavishly spend money which does not come out of their own pockets, for the benefit of non-Indians.

State Management decidedly is superior to the Company Management. The Companies are a third party between the Government on one side and the people on the other. It is therefore perfectly clear that such a third party cannot but add to the expenses. Experience of the World shows that State Management works for the State, *i. e.*, the people ; while Company-Management aims at profits for its individual shareholders. Where there are competitive railways, private companies may be useful in rendering better service with a minimum of cost ; but here in India there are hardly any competitive lines. Care has been taken not to build such lines. Those places in India where competitive routes have, however, naturally cropped up, the competing administrations have agreed among themselves not to compete, but to divide the traffic between themselves. Thus the people cannot have the benefit of competition either, which is generally claimed as an advantage from private service. There is, on the other hand, an overflowing flow of traffic in India both in goods and passengers, for which the railways do not find accomodation, so that there is no idea of competition at all between the railways at present. As a matter of fact there has never been any competition between the railways for traffic in India and that is the main reason why accommodation for Indian passengers has not been improved or made tolerably comfortable.

Those who think that Government-Management is usually more expensive than private enterprise, are under a serious misapprehension as to the constitution of the Indian railway companies employed as agents for working State-railways. There is a wide difference between the so-called Company Management which obtains in Europe and America and the Company-Management which obtains in India. In the United Kingdom as well as in America, the railways are owned by the Companies and managed by them at their own cost and financial risk, which compels them for their self-interest to manage the railways economically and with satisfaction to the public, in order to attract traffic, which, if one Company did not provide decent accomodation and ever-increasing facilities and comforts, would go to the rival routes, of which there are many. There the competition is healthy and beneficial to the public. Here in India, the Company Management is nominal, has no risk or responsibility for financial results. It has large powers and very little or no competition. Private interest might induce Companies generally to exert themselves more than any State official would on behalf of the Government; but here the Government either finds the capital or guarantees the interest defrays all cost of working and of highly paid establishments all out of the public treasury.

It should be borne in mind that the Railway Companies have a large influence at their back both in India and England and that is the main reason why the Government have not taken the necessary step which they ought to have taken themselves on the evidence and administrative data proving excellence of the State Management. The Companies themselves find that they cannot, any longer in the face of public opinion in India, carry on the sham administration from beyond the seas, and it has been suggested that their headquarters be moved to India. This will not remedy the evils we complain of. We need nothing short of entire management by the State and management under the direction of the reformed Councils. If the Reforms are likely to be successful, the management of the Railways must be brought under the Councils, and the Companies eliminated as early as their contracts permit.

The present Railway Board has completely failed to meet the requirements of the public. It should therefore be abolished and the whole administration decentralized and placed under the reformed councils both in the provinces and in the Central Government. The provincial division of the railways may be carried out in a convenient form. The best arrangement would be to begin with the State-worked railways and such of the Company-worked lines as lie entirely within a single province ; those of the Company-worked railways which cover two or more provinces may be allowed to continue to be under the Central Government, until such time as the working of each railway can be acquired or resumed by Government, when the line should be provincialized.

By provincializing of the railways, it is meant that the administrative control and financial responsibility of the railways within the boundaries of the Provincial Government be placed under the Local Government or administration concerned. Take for instance the East Indian Railway which runs from Kulka to Howrah and Jubbulpur, through the following five provinces :—

1. The Punjab.
2. The United Provinces.
3. The Central Provinces.
4. The Behar Provinces.
5. Bengal.

The portion lying in each Province should be under the Provincial Government concerned.

An objection might be raised that such a division of a single railway might create difficulties in working, but such difficulties are more imaginary than real. The division of State lines might be carried out according to the Provincial boundaries, utilizing as far as possible the existing districts or divisions of the Locomotive and Traffic Departments of the railway, which have separate charges administered by District Officers. If any of the districts covers more than one Province, its boundaries might be altered to correspond with those of the Province. As all State Railways belong to the Government, there should be no difficulty in carrying out such division, or a division of the financial responsibility.

In Europe similar through lines, say from Brindisi to London, Christiania to Stockholm, are owned by four or more States or companies. In India itself, we have several independent railway administrations between Peshawar and Bombay or between Madras and Cawnpore, etc., etc., ; yet there is no difficulty in working or accounting for through traffic. The existing arrangements in India for the interchange of rolling stock and for the booking and accounting of through traffic worked by different railway administrations could be applied to inter-provincial traffic.

Or as an alternative the railways might be divided into convenient groups and each of such groups might be placed under a Provincial Government, somewhat as the control of the Rajputana-Malwa State Railway from Ahmedabad to Ferozepur, Delhi, Agra, Cawnpore and Khandwa, was under the Government of Bombay upto 1905.

By placing the control of the Railways under the Provincial Governments, we could secure such control and direction as are necessary for the efficient and economical administration of the railways. The Local Governments with their intimate knowledge of the needs of the people, trade and industries, can administer the railways far better than the Central Board at Simla or Delhi, and they will be assisted by the representatives of the people under the newly reformed Councils.

In 1871 the Government of India itself thought of creating a Railway Branch in all provinces, but discarded it on narrow considerations. In 1879 the Secretary of State expressed the hope that the Goverment of India would make over to Local Governments the executive functions in regard to railway systems. The Famine Commission of 1880 made a recommendation for provincial financial and executive responsibility in respect to Famine Relief Railways. In 1884 General Richard Strachey, R. E., C. S. I., F. R. S., who was a briliant member of the Government of India both in India and England advocated the decentralization of the Indian Railway administration, that the railways might be placed under the Provincial Government both as regards the provison of funds and general control. Col. Conway Gordon, R. E., late Director General of Indian Railways, suggested a popular representative system of Railway administration for India.

In paragraph 277 of its Report the Indian Industrial Commission of 1916-18 drew attention to the absence of representation on the Railway Bodies of the provincial departments of Commerce and Industries and of British and Indian Commercial Bodies. The Commission recommended the appointment of a Commercial member of the Railway Board.

The subjects to be dealt with by the Provincial Governments should embrace:—

(1) Working and management of existing lines.

(2) Additions and alterations in the number and timing of passenger trains.

(3) Comforts and conveniences and necessary accomodation for passengers and goods.

(4) Rates and fares for passengers, goods and other traffic.

(5) Farther extensions of railways.

(6) Financial matters of the railways.

In local matters the Porvincial Governments to have freedom of action ; but in matters relating to through traffic arrangements, they should act, under the advice of the Central Board of the Central Government according as it may be decided to keep the Board or the Secretariat system under a subcommittee of the Legislative Assembly.

The following advantages may be expected from the provincializing of the railways:—

(1) Local requirements would receive due consideration ;

(2) The work which is unwieldy for a Central Government or a single body like the Railway Board, would be divided into seven or more convenient groups ;

(3) It would improve the efficiency of the railways and would tend to greater economy ;

(4) The provincial revenues would have a share of the surplus profits, and this would improve the Provincial finances ;

(5) In the case of new lines or extensions the Local authorities would have a free hand and would create local syndicates to raise the necessary capital.

(6) By general improvements which are to follow such administration, greater interest would rise among the people in their railways, which would result in a general advance in agriculture, industries, commerce and general prosperity of the country. "*Modern Review.*"

THE EXCHANGE QUESTION.

(By Prof. Priyanath Chatterjee, M. A.)

The exchange question is being very much discussed now and huge losses have been incurred by merchants during export and business here, as also by Government. The European merchants are loudly denouncing Government for having misled them as to the future course of exchange. They are very hard hit no doubt, but it should not be overlooked that Government also has lost heavily. It is perhaps excusable for an ordinary member of the public to try to understand if Government has been really to blame and, if so, how far. He may be, it is hoped, permitted to take a common-sense view of the situation. It is not difficult to understand how the fall in the exchange value of the rupee, contrary to expectations has resulted in considerable loss to importers, exporters, producers, Banks and Government. As is well-known, the usual practice for importers is to order goods, a good many months ahead, for we import chiefly manufactured articles which take time in production, so, goods ordered six months or a year before may be coming in now. But our exports consists mostly of raw materials which may be shipped within a short time of their being collected. The busy export season is the period from July to January. When the imports have to be paid for here, the necessary funds become available by the sale of export bills to the Exchange Banks, *i. e.*, by what the local Exchange Banks pay for Indian goods shipped abroad against bills drawn on foreign houses importing them. Now, importers based their calculation on a high exchange, and they cannot very well be blamed if they did so. On 16th September 1919, the value of the rupee was raised by the Secretary of State to 2*s.* ; on 22nd November to 2*s.* 2*d.*; on 12th December 1919 to 2*s.* 4*d*; In February 1920, Government accepted the recommendation of the last Currency Commission linking the rupee to gold and making a gold sovereign equal to Rs. 10. On account of the depreciation of English paper currency consequent on the withdrawal of gold coins from circulation, the gold sovereign was then, as it still is, worth considerably more than a British currency note for £ 1. In America the pound sterling no longer was worth 4·86 dollars but it then fetched only 3·25 dollars, for the pound sterling was no longer convertible into a gold sovereign. The immediate effect of the acceptance by Government of that recommendation, therefore, raised Exchange still further. In order to make the rate effective, Government began selling Reverse Councils at 2*s* 11*d.* or so. Later, on account of the appreciation of English paper currency in America the raise in the dollar-sterling exchange known popularly as the cross-rate,—the rate at which the Reverse Councils were sold came down somewhat, but was still in the neighbourhood of 2*s.* 6*d.* for the next three months or so. Hence,imports could confidently count upon a high exchange value of the rupee, especially as they thought that in the busy export season the balance of payments due to the excess of exports over imports, would be in favour of India and that would raise exchange still higher. In paragraph 38 of the Narrative of the Finance Member introducing the Budget for 1920-21, the assumption is made that "the average rate for the rupee sterling exchange will not be below 2*s.* 6 *d.* and the total gain in exchange during the current year is estimated at 30¾ crores ! But unfortunately all these turn out to be serious miscalculations. If, for example, the importers ordered £ 100 millions sterling worth of foreign goods, they thought they would have to pay 80 crores of rupees or so at 2*s.* 6*d.* exchange ; and accordingly they sold their goods in advance as they always do, keeping to themselves a handsome profit, say at 110 crores, when the goods begin to be delivered to the importers, the shilling steadily rises in value, and actual payments perhaps amount to, say, 120 crores of rupees, resulting in a huge loss.

No wonder then that the merchants blame the Government, for did not Government give a sort of undertaking that the maximum value of the shilling would not go beyond eight annas, even if the depreciation of English paper currency disappears, which is very unlikely it would for a good many years ? It must be borne in mind that the low value of the shilling very much stimulated the import trade and the loss of the merchants is very great also because of the considerable volume of imports.

The export merchants have also lost and that is due to miscalculation of the same nature. If the rate of exchange was 2*s.* 2*d.* per rupee in May last, they confidently expected, for the reason already stated, it would be higher in the export season, when they thought they would get fewer rupees for the same amount in sterling. So they sold bills in advance. They thought, for instance, judging from the figures of previous years, that the exports in the busy months would amount, say, to 150 million sterling. So they sold forward bills for what they thought would be the value of the exports. Their anticipations are not realised, we have a poor export season, and the value of the exports reaches, say, only 100 million sterling. So when the bills which they sold *muture*, they cannot be fully met by exports and to pay for the difference the merchants have to buy bills at a much higher rate in rupees than they realised a few months earlier. So they lose heavily.

The exporter has to some extent passed on the loss to the producer offering him fewer rupees for the same quantity of goods. So the producers have also lost and would lose much more if the present stagnant condition of export trade continues.

The Exchange Banks, financing as they do the foreign trade of the country, are also likely to lose. The cash balance of these Banks in India are diminished by the value of the exports and increased by that of the imports. Exports in the seven montns,April to October, amounted to 163 million ; imports to 191 million sterling. If, for the sake of simplicity, it is supposed that the Banks financed all this trade, and that they bought and sold bills at the same rate, say, at 2*s.* per rupee. there is an increase in the Indian branches of the Exchange Banks of 28 crores of rupees for which in their foreign branches the cash balance is reduced by 28 million sterling. If the accounts are now made up, it will be found that 28 crores of rupees cannot purchase 28 million sterling. Against the loss must now be placed their gains in exchange due to their having different rates for buying and selling on the same day. The Exchange Banks generally are very cautious, refusing to do business without cover selling as much as they buy and it is not likely they have lost heavily. Their losses, if any, can be fully met from the huge reserves they built up during the war when they made enormous profits.

How Government has lost is well-known. Reverse Councils were sold up to the end of September last for about 50 million sterling fetching about 40 crores or less. It cost the country about 75 crores of rupees to deposit that amount in England, for during the war except in the last five months (June to November 1918, when the rate was 1*s.* 5*d.*), the rate of exchange was 1s, 4d, The loss is thus 35 crores or more. Further, the estimates of the Home charges, capital outlay on Railways for 1920-21 are based upon an Exchange at 2*s.* 6*d.* per rupee. The considerable appreciation in the value of the shilling would cause the expenditure to be much more in rupees. That is likely to be another huge loss.

The huge sacrifice made by Government to stabilise exchange has singularly failed; and to some extent it illustrates the futility of human efforts to overcome economic forces. The Finance Member on one occasion justified the sales of Reverse Councils and made light of the loss thus incurred. "The loss was potentially there always," he was pleased to observe, "and sooner or later, must become a reality". So he thought that the high exchange had come to stay. It seems now that the loss could have been considerably minimised, if not absolutely avoided, 50 million sterling being already worth about 70 crosses of rupees. It was no doubt necessary to bring back a portion of the Paper Currency Reserve from London where it was located during the war for the transfer was recommended by the last Currency Commission, but was it necessary to be so very precipitate ? Then how would Government justify the sales of Reverse Councils at tempting rates considerably cheaper than market rates, which created an artificial demand, encouraged profiteering by Exchange Banks, and led to the withdrawal of considerable British capital from India ? If Government had sold Reverse Councils at market rates, at least 5 crores of rupees would have been saved. By the middle of February 1920, the gap between the Government rate and the market rate was 8*d.* per rupee ; a month later it was 4*d.*; later it came down to 2*d.* or so. The Finance Member on one occasion waxed eloquent on the advantages of these sales : "Unless they are sold, the Exchange policy does not become effective ; trade does not get the remittance it requires and exchange break down." During the six months of current financial year, April to September, the imports (159 million) exceeded the exports (142 million) by 17 million sterling. During the same period Reverse Councils were sold for 25 million or more. In October last, the excess of imports over exports was 11 million sterling as against 17 million in the previous six months, but no Reverse Councils were sold. If Government wanted to help trade by the sales of Reverse Councils, why were the sales stopped, when trade required them most ? When Government began to sell Reverse Bills, in February last, the balance of trade was in our favour and it continued to be so up to May, by the end of which more than 33 million sterling had been sold so that two-thirds of the total of Reverse Councils sold by Government were sold before any actual necessity arising out of trade was felt. The sales were stopped when imports exceeded exports considerably for the third month in succession. Europeans in India found it hard to rssist the temptation of doubling the value of there property by converting rupees into sterling when the Reverse Councils were being sold, and the consequent withdrawal of considerable British capital has certainly accentuateg the tightness of the money market here.

It may be said that the future course of the Exchange and of the sudden fail in the price of silver could not have been foreseen by Government. It is chiefly upon the price of silver that the Exchange value of the rupee depended more than upon enything else, since the old rate of 16*d.* for the rupee was departed from, in June 1918. The following table wiil show how the Secretary of State had no raise the rate repeatedly to catch the soaring price of stlver, and to prevent the mealing and export of rupees, until in February 1920, the rupee was linked to gold. *But the rupee,* as will be shown later, *seems to refuse to be so linked* and the price of silver still appears to be the domin nt factor. Coloumn 1 of the following table is derived from paragraph 10 of the report of the Controller of the Currency for the last financial year (1919 20). Approximate figures are given.—*Continued on page* 26,

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BRITISH TRADE FORECAST.

Sir John Bethell, M. P. a Director of Barclay's Bank appears to think rather cheerfully concerning the prospects of British Trade and Industry in the year 1921. He expects that the current year will see no social and political upheavals and that retail prices will fall. He assumes that the worst of the trade stagnation and unemployment would possibly be reached and passed. In his estimate, the total volume of trade will not equal that of 1914 or even of 1920, when the value of British imports, less re-exports was £ 1,714,000,000 and of the exports £ 1,335,000,000. Thus a great shrinkage in the volume of trade is expected. On the whole, a decided trade revival is expected from July next. At the same time, certain important facts cannot be ignored. Exchanges are highly disadvantageous to Britain's export trade when the pound sterling is very highly appreciated and when countries like Germany can well afford to undersell Britain. At the same time, exchanges are disadvantageous when the pound sterling is much depreciated as in New York so that Britain has to pay very heavily for all American produce she cannot do without. It is all very easy to talk of "stabilising" the exchange, thereby re-introducing pre-war rates without re-introducing the pre-war freedom of movement of gold. Even the great fluctuations in the exchanges during the war showed that the pre-war rates were unattainable. The idea of an international currency appears to have been mixed up with some of the economic heresies. Such currency, if established, should be determined by some international body on the basis of the actual and prospective position of each country as a debtor or creditor, producer or consumer, which is precisely the basis which now fixes its rate of exchange. M. Ter Menlen's Scheme provides that the bond obligation which a distressed country may raise is to have its "value fixed on a gold basis by some International Commission". Another vital point is the existence of large stocks of goods manufactured from raw materials purchased at much higher than ruling prices. The heavy fall in prices as expected by the public would involve many manufacturers in serious difficulties if not actual bankruptcy.

BOMBAY TEXTILE MILLS.

The workmen of the Kohinoor Mills returned to work and again withdrew after receiving their wages and bonus. Some other mills also received notices of grievances and threats of strike. Thereupon, the Bombay Mill-owners' Association met and gave a collective reply as follows :—

As the mill-hands at some mills have asked for large increases it is necessary to infrom the operatives :—

(1) That since the war, they have received an increase of 100 per cent. in pay.

(2) Their hours of work have been reduced from 12 to 10 without any sacrifice in pay.

(3) They receive an annual bonus of one month's pay when the mills do well.

(4) Steps are being taken to build dwellings for them. Some of the dwellings are already completed.

(5) That cheap grain, cloth and other necessaries of life have been or are offered to them below market rate, and have not been generally taken advantage of.

(6) That prices of foodstuffs have gone down much and are still going down.

The reply concludes :—"Here it is necessary to remind the operatives that the godowns at the Docks are full of English piecegoods. The trade throughout the world is bad and in Bombay trade is declining. The operatives are also reminded that for the last two or three months the Lancashire mills have only worked half time and the workmen have only received half wages. If the mill operatives in Bombay strike, the mill-owners may have to close down the mills for two or three months. The intimation is meant in good part and asks the mill-hands to consider well before they act. For these reasons their requests for increase of wages cannot be complied with." Thus ends the threat of a fasle strike and the mills work as usual.

LAHORE TRADE

The members of the Lahore Trade's Union at a recent meeting presided over by Lala Moti Ram of Dabbi Bazar have passed the following resolutions :—

1. That no merchant is to retire the outstanding and incoming drafts until the bills are retired at Rs. 10 a pound (as declared by Government) or a reduction is affected to bring the total amount at par with 2 shillings a rupee. No bills are to be retired at this rate even, without the permission of the Lahore Traders' Union. Further no overdue interest is to be paid to the banks.

2. That copies of this resolution be forwarded to all import Agents of Lahore and they be asked not only to forward the Resolution by wire to their Home Agents and Principals but also to make them accept the terms proposed and get their final replies by wire.

3. No merchant is to pay any improper charges, such as godown rent, etc., which are levied by the banks, etc., over and above the usual rates.

INDIGO TRADE.

As already anticipated, the indigo industry of India which began to revive during the war is forcing the competition of artificial indigo of foreign countries. "Japan is protecting its colour market and the indigo merchants have placed a ban for five years on the import of natural indigo from India and other countries. Prior to the war the indigo manufacturing industry of Japan was unable to withstand the competition of artificial indigo from Germany and Switzerland and natural indigo from India and other countries. The industry was consequently in a state of decay but when war conditions prevented importation the native colour market turned its attention to native indigo, and the industry revived. There has, however, been a revival of foreign competition since the signing of the armistice, and Japanese indigo merchants' associations had hoped they would receive Government assistance, which has not been given. A statement has been issued by the joint associations, which says that the merchants handling natural indigo in Japan have decided to observe the prohibition agreement. It is stated that this will not only help the native industry, but benefit native merchants by raising the market price of natural indigo. During the first six months of 1920 natural indigo arrived from British India and other countries to the extent of 1,149,823 kin (kin equals 1.32 lb.) against 329,795 kin for the same period in 1919. The amount of artificial indigo during the same period reached 157,685, kin."

TRAVANCORE STATE.

Joint Stock Companies.

The report on the Administration of the Joint Stock Companies in Travancore for the year 1095 is to hand. There were 85 companies at the beginning the of year. 101 new companies were registered during the year of which one was registered under a license from the Government of Travancore. The number of new companies is abnormal and is in excess of that in the whole of the Madras Presidency by 15 during the year ending March, 1920. This increase is no doubt reported to have been due to the industrial awakening prevailing all over India and to the growing consciousness of the people in the State in regard to the necessity for large investments for success in industrial and commercial undertakings. Only 6 companies were struck off the Register, there being at the end of the year in all 180 companies, including 35 banking companies, 25 trading companies and 39 industrial companies.

6 Companies increased their capital while there was no case of reduction of capital during the year. The total authorised, subscribed and paid-up capitals of all the companies amounted to Rs. 5, 25, 64,000 Rs. 1, 16, 35, 435 and Rs. 56, 52, 336 respectively.

There were at the end of the year 62 companies of Foreign incorporation having places of business in the State including 8 such companies which reported commencement of business during the year.

It is indeed creditable to report that there was no case of prosecution during the year.

Mr A. Venkitarama Aiyer, B. A. B. L., was the Registrar of Joint Stock Companies throughout the year ; and he inspected 59 Companies against 23 in the previous year. With a view to supplement his work, he has been given the assistance of an Auditor. This arrangement is really novel and most economical instead of appointing a number of assistant Registrars and inspection staff as in the British India.

There were 22 Auditors licensed by the State to audit the accounts of Companies. The receipts and expenditure during the year amounted to Rs. 31, 621 and Rs. 4, 979 respectively against Rs. 5,274 and Rs. 3,932 respectively in the previous year, the increase being due to the new floatations.

It is interesting to notice this Indian State registered 101 new Companies as aforesaid while only 86 Companies were registered in the year in the whole of the Madras Presidency. What a great contrast of the enterprise and enthusiasm displayed by the people of the State and those in British India ! The Registrar Remarks that the successful way in which some of the older concerns are being worked has also contributed to a very large extent to the floatations of several of these Companies. The Registrar's report before us is a record of excellent progress and the year's working may be said to be highly satisfactory. Travancore is known to be one of the most ably administered states in India and the Registrar's figures of expenditure go to prove that it is also one of the most economically managed States. Indian States have realised that in the popularisation of the Joint Stock movement and the successfull working of the Companies lay the economic salvation of the people but not in the multification of the Government Departments which go on adding to the increased burden of the taxpayer.

The Registrar points to the necessity of making visits to new concerns started in the out of the way villages which are mostly inexperienced in Company management but "show their eagerness to adopt suggestions given towards the efficient working of their undertakings." This added to the fact that there was not a single case of prosecution speaks volumes in favour of the people as well as the State. On the one hand the people are willing to learn and enterprising even in the remote villages and are capable of managing their own business concerns. On the other-hand, the state Officials do not occupy the position of Examiners to find fault with the Companies but willingly offer every encouragement and advice necessary for the successful and efficient management of the

indigenous Companies. Further, the Report shows that the majority are industrial concerns and there are also several Companies to publish new papers and journals in Malayalam, the Vernacular of the State. From this it may said that the people of Travancore are educated, enlightened and above all public spirited.

SCIENCE AND THE UNIVERSITIES.

(DR. S. P. AGHARKAR, M. A., PH. D., F. L. S.)

The Scientific departments of the Government of India are perhaps the most importent institutions for research in this country. They have to answer all inquiries of a scientific nature, addressed to them by Government from time to time. Their staff is accordingly kept at a high level of efficiency and they are supplied with the funds, laboratories and other accessories for their work. Their efficiency is reflected in the publications issued by them which form a large part of the orginal scientific litarature publihed in this country. This being the case, it may very well be enquired if the postgraduate departments of the Univerrity may not in some way be associated with the work of these departments.

It is possible to do this in one of two ways, either by attaching some of the postgraduate students to these departments for training in methods of research, or by some of the work ordinarily done by these departments being allotted to such of the University Professors as will be willing to do it.

The first method is at present being tried by the archaeological and zoological surveys and their example might be copied by the other departments. The number of men trained under this system, depending almost entirely on the number of vacancies actual or prospective in the department, will necessarily be small. This is partly due to the fact that the officers of the department have not often a desire to teach and partly because the men recruited are such as have completed their university career and cannot afford to depend any longer on their parents or gurdians. On the other hand if research work is made compulsory for the M. A. and M. Sc. examinations of our Universities, the best results will be achieved by the second methad. If all enquiries of a scientific nature are referred by the Governments concerned to the Professors of the University in their jurisdiction, these will be obliged to direct their energies to the solution of practical problems. They will also have the inestimable advantage of a band of young enthusiastic and voluntary workers, who only want to be guided in the methods of research and whose combined efforts will yield the required results much sooner than those of any Government Department.

In this respect we have the excellent precedent of Germany where no special scientific departments, apart from the Universities are maintained by the Government and where Government refer all their scientific enquiries to those professors who have specialised in them. The "Ordinary" or "Principal" Professors in German Universities are ex-officio directors or heads of the various museums, gardens, and similar institutions. This leads to the Professor's entrusting a certain number of preliminary enquiries to the candidates for the Doctorate, thereby being able to devote his own energies to the solution of problems of a more wider and general scope. This is to my mind one of the most important causes why such an amount of original work is done in Germany. I am not in a position to be precise, owing to difficulties in securing the necessary data, but I estimate that all these for the doctorates in different departments in the close upon 30 German Universities make up a total of 20-25 percent of the total number of original papers published in Germany in any one year.

This being the case let us enquire whether any of the scientific departments of the Government of India are associated with the Universities and if not whether it is likely that they would ever be so associated.

With reference to the first part of our enquiry we find that excepting in very few cases, none of the scientific departments are associated with the Universities. I find only the following instances where an officer of one of the scientific departments is a professor. (1) The director of the Alipore observatory is a professor of physics in the Presidency College, Calcutta. (2) A member of the goelogical survey is a professor of geology in the same institution. (3) The economic botanists of the various provinces are also professors of botany in the agricultural colleges of the different provinces. I might add as a fourth instance, that the Carmicheal Professor of Ancient Indian History in the Calcutta University also used to hold charge of the archaeological section of the Indian Museum. One will at once note from the small number of cases above cited that Government have no great desire to utilise the Universities for reseach work. The causes for this may have been very various. So long as the Universisies were mere examining bodies and the professors of colleges better called Universitses in miniature — were wholly absorbed in coaching under-graduates, it was perpaps not possible to expect much research work from the overburdened staff. Eeven here, however, one can say that it was the Goverment, in as much as they were the authors of the existing University system, which was chiefly to be blamed and that it could have been easily possible for them to attach these specialists to some of the colleges and at once raised the efficiency of these institutions side by side with getting their work done. Be that as it may have been. With the growth of the postgradutate departments of the Universities and the proposed re-organisation of the universities, by which classes upto the Intermediate will be relegated to seperaae institutions, this excuse no longer holds good. The time has arrived when it is necessary to consider whether these departments should be kept intact and seprate, or whether they should be brought in close organic connection with the post-graduate departments of the Universities. To me the course seems clear. It is quite possible and very necessary to transfer an increasingly lager portion of the work of the present scientific departments to the respective post-graduate department of the Universities, as these latter institutions grow. What is to-day necessary is a recognition of the principle by the authorities concerned and its gradual application. The proportion of the work transferred will naturally depend upon the strength of the staffs of the Universities. It may be that in a particular department this becomes possible much sooner than in the others. That cannot be avided. The funds that would be saved by the gradual reduction in the staffs of the scientific departments can very well be allotted to the post-graduate departments of the Universities, thus increasing their efficiency. As a first step in this direction, some of the University Professors might be appointed honorary members of the scientific surveys. The students, who would be trained under these, in as much as they will be familiar wifh the methods of research, will gradually take up an increasingly larger proportion of work of the present scientific departments, making it possible to disband these in course of time.

Turning now to the second part of our enquiry we are sorry to note that the tendency of late is in the direction of strengthening the staffs of these departments and in some cases *e.g.*, the proposed Indian Chemical Service towards the creation of altogether new ones. This is the fact of the increase in the efficiency of University teaching and the starting of several centralised teaching Universities, seems to be a retrograde step. The Indian tax-payer will thus be subjected to a far larger burden than would otherwise be necessary. When we further remember that these departments are a "reserved" subject under the reforms, and as such their administration will not be under popular control, there is a danger that these departments will be the special preserve of the Europeans and the Indian element will be subordinated in them. We already see that the Geological Servey, the Survey of India and the Meteorological Servey are almost entirely manned by Europeans and it is feared that the new Chemical Service will be very much like these. The plans for the proposed re-organisation of the Botanical Survey not being public, one need not discuss these. Zoological Survy has an equal number of Europeans and Indians and only the Archaeological Survey shows a larger number of Indian officers. But even here the latest developements, such as the appointment of a European savant to hold charge of the archaeological section of the Indian Museum and the Ukase of the Director Gencral of Archaeology forbidding officers of the survey frcm publishing anything without his know, show that the officialdom is making a bold effort to divorce teaching from research. We have seen above a stunting of the spirit of research takes place whereever such a separation of teaching from research obtains. And if the same thing is not to happen in India, our leaders and educationists should wake up aud see that these eminently research organisations are brought in closer contact with the Universities. (Modern Review.)

ECONOMIC CONFLICT.

Higher productivity, with its accompaniment of more efficient business organisation, enables the foreign type to exploit agricultural and mineral resources, to disorganise if not to kill the indigenous forms of industry, and more and more of the land and labour of the country, more and more of its assets come to be mortgaged, as it were, to meet the claims of the foreign capitalist, entrepreneur or trade. The crucial test for a people in such an economic situation is to find out a new level of consumption and productivity, which with the help of its natural adaptation to the region will enable it to hold its own and overcome the intrusion, and thus to reach an economic equilibrium. Such is the economic stuggle for existence which by the conflict of different levels, and the disturbance of the customary adaptation of old economic habits and institutions is well calculated to secure the economic evolution of a people if it has sufficient vitality and resisting power to meet the situation. India with the natural advantages of her people in respect of calories, low nitrogenous subsistance and climatic adaptation, her cheap and multiplied labour, the fertility of soil, and the continental variety of her natural resources, as well as the strong endowment of co-operative and communal instincts of her people, may be expected to attain this equilibrium in the end even under conditions of free and open competition. In this process India in contract with the economic organisation of the West will gain in a freer and fuller sense of the individual's right to live, to grow and to get the best out of his own life, as well as in a free and consciously organised ethical custom by which the individual, freed from a regime of mechanical routine will find himself a new and in ever fuller measure in the life of the group and the community. India will also gain in material efficiency by evolving more and more complex forms of economic organisation on a co-operative basis in the conquest and utilisation of her vast resources in prime movers as well as the soil. But while the Indian communalism may gain in these ways in moral as well as material values, it will go counter to the funda mental principles ot economic regionalism if she were to to lose her temperament, her soul, by forsaking the economic type of order which she has evolved through the ages in adaptation to the genius of her stocks and races and her moral and physical environment, says Radhakamal Mukherjee.

(*Conrd. from page* 23)

Average price of silver per ounce.	Rates of Exchange.
April 1919, 49 *d.*	1s. 6*d.*
May 51, June, July, 54.	1s. 8*d.* (from 13th May)
August 1919, 56d.	1s. 10*d.* (from 12th August)
September 62, October, 64.	2s. (from 16th September)
November, 70.	2s. 2*d.* (from 22nd November)
December, 76½, January, 1920 80.	2s. 4*d.* (from 12th December)
February, 85.	2s. 11*d.* (the rupee is linked to gold)

Was it impossible for Government to foresee in March last when the Budget for 1920-21 was presented, that the price of silver would come down? The Controller of the Currency observes in paragraph 10 of his report for 1919-20 "that from the 7th May, 1919, an almost unbroken rise in prices occured *until the closing two months of the year when a reaction set in and a sharp fall in prices took place.*" He remarks that the heights to which the price of silver soared can be explained by (1) the removal of control in America on the 7th May, 1919, followed by the removal of restriction over the maximum price of silver in England, (2) a persistent demand from China. He might have added a third reason, *viz.*, a persistent demand from India due to the rapid absorption of crores of rupees in 1918 and 1919. In other words the abnormal demand from China and India was largely responsible for the phenomenal rise in the price of silver. In paragraph 9 of the Narrative, the Finance Member tells us that the absorption of silver coin in 1918-19, amounted to 45 crores, and in the period of ten months and a half of 1919-20 (1st April 1919 to 15th February 1920) it amounted to 22 crores (the total absorption for the whole financial year 1919-20, as we now learn, amounted to 20 crores). Now, could not the Finance Member in February last see in the marked decrease in the absorption of silver coins throughout the year a strong reason for the cessation of the abnormal demand for silver from India for purposes of coinage?

In has been shown above how the price of silver gradually rose from 27*d.* per ounce in 1914, to about 90*d.* in February 1920. European countries in consequence experienced a heavy diminution in their silver currency, as the result of the melting and export of coins. The high price of the metal also stimulated production. So, the knowledge of the cessation of a strong demand from India, and of the the likelihood of full supplies of the metal in the markets, and above all of the fact that the price had risen from 27d. to 90d. per ounce, during the war, would not perhaps make it difficult for an ordinary man, not to speak of the Finance Member of the Government of India, to expect a sharp fall, and to apprehend danger to the new exchange policy. But we find him instead complacently calculating his gains in exchange on the assumption that the average price of the rupee will not fall below 2s. 6d. Government made frantic efforts to make the rupee equal to 2s. gold, and purchased by means of sales of Reverse Councils about 40 crores of rupees at artificially high rates, causing a huge loss to the poor country, and the total failure of the efforts is sufficiently clear from the fact that the rupee is now worth 1s. 5d. which is about one-half of what it should be if it could be the equivalent of 2s. gold (on account of the depreciation of sterling 2s. gold now equals about 2s 10d.) Throughout the period Reverse Councils were sold, the rupee resolutely refused to be linked to gold and its exchange value in the open market rather followed the price of silver, resulting always in a gap between the market rate of exchange and the theoretical gold rate at which Government sold Reverse Councils. The following table shows how the price of silver is still the dominant factor. Approximate figures are given.

	Price of silver in London per ounce.	Market rate of exchange.
February 1920	90d.	33d.
April ,,	72	29
May ,,	57	26
June ,,	50	21
July ,,	56	22½
(Sales of Reverse Councils stopped)		
September ,,	60	21¾
November ,,	46	18½
December ,,	41	17

The carelessness of Government has cost the country a good deal and has misled the merchants also. involving them in heavy losses. The wisdom of letting things alone, letting exchange find its natural level seems to be at last dawning upon Government.

If the unexpected fall in the exchange value of the rupee has been disastrous to trade and to Government and therefore to the tax payer, it does not follow that a low exchange is bad for India. The present disaster is caused not by a low exchange, nor so much by the instability of the exchange as by serious miscalculations about its future course.

We all know how far about a year and a half after the termination of the war in November 1918 our export trade continued to be in full vigour in spite of the steady rise in exchange which made Indian products more and more costly in foreign markets.

A low exchange such as we had for a long period before the war rather appears to be a great help. One may go further and say that it is essential to the revival of India's export trade. The considerable slakening in European demand for India's produce is certainly due in a large measure to the depreciated paper currency of European countries and a low exchange such as we have now, and such as we had for a long period before the war and to which we grew accustomed, would be of considerable help to foreigners to buy our goods.

One must not overlook however that unfortunately a good many of our necessities of life such as cloth and other piece goods, hardware, etc., are still imported and a low exchange would considerably cheapen them. It is however doubtful if the consumers got the full benefit or a substantial portion of it of a high exchange such as was ruling in the later half of 1919 and the first half of 1920. One would rather suspect that there was a good deal of profiteering. Unfortunately, however, it is true that the *dhuti* made in Bombay rises or falls in value with that of nearly the same quality imported from Manchester and bears no relation to its cost of production. So, a low exchange making the foreign production dearer, would also make the cloth made in India almost equally dear, and thus help profiteering by the Bombay mill-owners. If they are not satisfied with a roasonable profit and are found bent upon making as much profit as they can, then Government in the interest of millions of poor consumers should exercise some sort of control over the prices. One can never overlook that a low exchange fosters *Swadeshi*. The costliness of foreign luxuries, some of which have unnecessarily become our necessities of life, is not very undesirable. For that and for the revival of our export trade one would earnestly desire that the *present* exchange value of the rupee may continue for some time at least and that Government may not again interfere with it soon. The return of the rupee to nearly its pre-war level no doubt, has caused loss to many, but one would like to be satisfied how the continuance of the present rate is bad for India.—*Morden Review.*

INDIANS IN THE COLONIES.

To neglect material resources is to forfeit them. A very large part of the island continent (Australia) is not even explored, but recent exploration seems to show that the interior of the continent is not such a desert waste as it has often been described to be. Exploration on a great scale is urgently needed. The whole island must be opened up by transcontinental railways and rainless districts be supplied with water under all conditions but the population of Australia is yet small. It is settled only upon the outer rim. Indeed, even the outer rim is not settled., as, for example, is shown by the condition of the Northern territory. The total population of Australia was only 4¾ millions, against the 312 millions of India, which does not very greatly exceed Australia in size. These figures will explain the reason why the West Australian premier stated that Australia must either settle her unoccupied territories or she will be deprived of them. Again, the distribution of population is not equable at all, and the evils have gone far of congested town life and deserted rural districts.

A comprehensive transcontinental scheme of railways and irrigation, however, cannot be undertaken until population has grown considerably and much more wealth than now exists accumalates. But the "White Australia" policy checks the settlement and cultivation of Australia, which would be immensely expedited if the people were willing to admit coloured labourers. The sugar industry in Queensland was founded and carried to prosperity by the employment of indentured coloured labourers, and at one time it seemed probable that the extremely hot parts that is the northern portion where there are exceedingly few whites and very probably always will be very few whites, would be largely populated by coloured people. Opinion, however, has now entirely declared against that,and the labourers on the sugar estates are being gradually got rid of. Indeed, the decision goes very much farther. It is that the coloured people of all races and all stages of civilisation are to be excluded. The decision, in fact, excludes both Indians and Japanese.

For the present Japan is busily engaged in Japanising Korea and in colonising Hokkaido ; yet she is feeling very much the need of new outlets for her surplus population. Japan with her meagre territorial extent and rapidly growing trade and population regards as an insult the exclusion of her people from a British territory. Will the Anglo-Japanese Alliance, then, be able to continue if this policy is maintained ? Nay more, is it not possible that Japanese feeling may become anti-British if the Japanese, inspite of their active co-operation in the great war, are branded as undesirable settlers with many other Asian peoples and must be excluded altogether from Australia, New Zealand, Canada and from the United States ? In India also there is strong feeling because of the exclusion of Indians from the self-governing portions of the British Empire, and from the United States of America. At present the feeling is especially against exclusion from South and East Africa, because Africa has been a land of settlement for Indians from time immemorial, and because owing to the Gold mines and the recruitment of coolies from India, there had grown up a very considerable Indian settlement. The colour prejudice cannot commend itself to the moral sense of civilised humanity and is incompatible with the lasting peace of the world and the harmonious development of its resources in men and raw materials. India could send her troops to the front at the time of the Empire's greatest need, when South Africa, where Indians have received a singularly ignoble treatment, not only could not send any aid but was causing grave anxiety as the centre of a formidable rebellion. It is inevitable that the policy of South Africa and the wrongs done to Indians who are immigrants and who have already settled must go, Similarly, the services rendered by Japan in the war must imply the definite abandonment of the attitude of suspicion towards and distrust of Japan manifest in Canada and Australia. The great response made by India and Japan to the necessities of the war situation renders it obvious that the claims of the Indian and Japanese labourer, capitalist or trader within the limit at least of the British Empire must be recognised in return ; and unless the right of free and undisputed entry is acceded to them, one great advantage of the war in facilitating the progress towards the consolidation of the smaller federation called the British Empire will be lost.

UNITED STATES POLICY.

As regards other powers in the West, the United States have excluded the Chinese from their shores by special enactments of Congress. The Japanese labourers since 1907 have also been kept at arm's length by an informal agreemennt between Washington and Tokyo popularly called the "gentleman's agreement." The circle of exclusion has been deeply widened by an arbitrary geographical (boundry) line fixed by the Immigration Law of the United States, 1917, which prohibits from entrance into United States the people of Java, but which leaves untouched the people of Africa, the greater part of Arabia, Turkey, Persia, Northern Asian regions as well as the Philippine Islands. To inculde or exculde by means of a line on the map is at once arbitrary and unreasonable. Japan has all along vigorously protested against the exclution law of 1917 and secured changes to suit her. Both in America and British Colonies the few Japanese that are permitted to live have to submit to vexations restrictions in regard to land natural development and prosperty. At the Peace Conference her demand was pressed more vigorously than ever that racial dicriminations and restrictions should not be practised any more and be dropped forthwith. The time has indeed certainly come when race or colour prerjudice should not stand in the way of an equitable, scientific, and consistent arrangement regarding the international distribution of labour and industry for the efficient utillisation of the world's resources in labour and raw materials. Scientific humanitarianism ought to forestall in every field the operation of force and the might of arms in the solution of vexed problem of oriental migration. Enlarging the markets and spheres of influence by every possible means in the Far East, and denying economic opportunities and legitimate rights to the Asians in the West, are at once harmful and invidious and have raised difficult issues which should be solved sooner or later. So long as racial discriminatory treatment in international intercourse persists, all peace conferences, leagues and federations will be as houses built on sands and no true peace can be hoped for.

BEGINNING OF IMPERIAL RECIPROCITY.

The Imperial Conference accepted in 1917 the principle of reciprocity of treatment between India and the Dominions, and recognised the right of the Government of India to enact laws which shall have the effect of subjecting British citizens to the same conditions in visiting India as those imposed on Indians desiring to visit the mother country. In the League of Nations, of which the British Empire is said to be but a precursor, many an old colonial interest and prejudice will have to give way to a more liberal conceptions of the rights and interests of the component parts of the Empire. *(Modern Review)*

ALL INDIA COW CONFERENCE.

Lala Lajpat Rai in the course of his presidental address emphasised that no amount of petitioning could melt the ear of a foreign bureaucracy whose interests were divergent from those of India and whose first care was to help foreign captialists to exploit the land. India could not mend her past till her destiny was in the hands of her own sons. It was an open secret that the shortage of cattle was due to shortage of pastures in India. In old days, pastures were in abundance and every house had cattle of its own. But with the advent of the British rule and with the inauguration of its policy, with regard to revenue, forest and hides and skins, all pastures ceased to exist, as the revenue was fixed at a high level. Government boasts that it has undertaken famine relief work on a grand and scientific scale. Alas! it would not uproot the causes which brought about this famine.

SPINNING WHEEL OR LOOM?

By the end of 1917-18 there were in India 27 mills which did only spinning and 163 which did spinning in addition to weaving. These 235 mills produced 62·7 crores lbs. of yarn in that year but the average for the previous four years was somewhat higher. About one-fifth or 13 crores lbs. was exported during the years the average quantity exported was nearly 16½ crores lbs. About 4 yards of cloth of all kinds is manufactured from one lb. of yarn so that the yarn which is now being exported mostly to China and Japan would suffice for 60 to 65 crores yards of dhoties, chadars &c. Supposing an average adult weaver produces 3 yards per day by hand-loom and that he works for 300 days in the year, the yarn which is now sent out of the country would find employment for more than six lakhs of men and they would perhaps be able to clothe nearly all the indigent and clothless people in the country. So it is not the spinning-wheel which the situation requires; with greater justice it may be said to be the loom.—*Servant of India.*

LQUIDATION.

It has been announced that the woollen and silk mill floated by Messrs Currimbhoy Ibrahim & Co., of Bombay with a Capital of Rs. 2 crores of which about Rs. 50 lakhs had been subscribed would be wound up as there is no prospect of getting the requisite machinery. Several other companies in Bombay and Calcutta are to be wound up for the same reason. Some lucky firms who remitted lakhs to England when exchange was at 2*s* 6*d* to 2*s* 8*d* are to reap remarkable profits when their credits are remitted back to India. The following results are interesting :—

Rs. 100 remitted to England at 2*s* 8*d* realised £ 13 6*s* 8*d*.

£13 6*s* 8*d* remitted back to Indie at 1*s* 4*d* realises Rs. 200.

The failure of Messrs M.A.C. Ismail & Co., of Calcutta has been announced involving a loss of some crores of Rupees. Several firms have been hard bit owing to restrictions on credit fecilities, in this country, the serious fall in exchange, the heavy decline in the value of produce and manufactured goods. Several big European firms in Madras, Bombay and Calcutta connected with foreign business are reported to be on the verge of insolvency.

The British American Corporation of Calcutta with a capital of Rs. 25 lakhs of which Rs. 10 lakhs was paid up is reported to have been wound up.

Last month, the Bombay High Court ordered the winding up of the Anglo-India and Colonial Steam Navigation Co. Ltd., which was recently started with an authorised capital of Rs. 10 Crores and subscribed capital of Rs. 74 Lakhs out of the total liabilities amounting to Rs. 24 lakhs, Rs. 20 lakhs was the balance of purchase maney for a shipyard at Cochin and office buildings at Bombay. A sum of Rs. 11 lakhs was spent for brokerage in addition to heavy miscellaneous and office expenses. A meeting of the share holders will be convened shortly to ascertain their wishes as to the continuance of the company.

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